

TANF SERVICES FUNDED IN WISCONSIN

EARNED INCOME CREDIT

Program Description:

Wisconsin uses TANF funds to provide the Earned Income Credit (EIC), which is a tax credit available to qualified low-income workers. EIC helps low-income workers increase their income. It reduces the income tax a family owes, and at times, it provides a refund greater than taxes owed. There are both federal and state programs. Wisconsin eligibility qualifications are based on federal standards. However, Wisconsin requires at least one qualifying child in the household and year-round Wisconsin residency. Credit amounts also differ from federal EIC.

Client Group Served:

Many Wisconsin Works (W-2) and other low-income families can benefit from the EIC program. EIC provides larger credits to families with qualifying children (e.g., sons, daughters, grandchildren, and adopted, step, and foster children) who reside with the taxpayer. Annual income limitations for Wisconsin EIC are the same as the federal limitations. The credit maximum is \$1,641 (in addition to the federal payments).

Payment rates equal a percentage of the federal EIC payment:

- One (1) qualifying child, 4 percent of the federal EIC payment;
- Two (2) qualifying children, 14 percent of the federal EIC payment;
- Three or more (>2) qualifying children, 43 percent of the federal EIC payment.

TOTAL TANF FUNDING: \$54,000,000